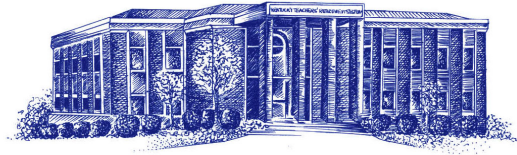


KENTUCKY

TEACHERS' RETIREMENT SYSTEM

RETIRED MEMBER
EDITION



November/December
2008

KTRS Board of Trustees Chair & Vice Chair Elected



BARBARA G. STERRETT, of Lexington, was elected chair of the Board of Trustees for the 2008-2009 fiscal year at the Board of Trustees meeting held June 16, 2008. Mrs. Sterrett represented active members on the Board from 1990 until her retirement in 2003. In May 2005, she was elected to represent retired members. She served as the Board's vice-chair during fiscal year 2007-2008.



DR. JOSEPH A. (JAY) MORGAN, of Murray, was elected vice-chair for the 2008-2009 fiscal year at the Board of Trustees meeting held June 16, 2008. Dr. Morgan has represented active members on the Board since July 2006.

Members Elect Trustee to KTRS Board

The election for the position on the KTRS Board of Trustees, due to the expiring term of Dr. Zella F. Wells, was conducted during May 2008. Chief State School Officer Jon Draud certified the results of the election to the KTRS Board of Trustees.

TOM SHELTON of Owensboro was elected to a four-year term as active member trustee.

continued on page 2-SHELTON...

Conservative Investments Holding Up Well Under Current Market Conditions

The assets of active and retired teachers are conservatively invested and this strategy is serving the retirement system well in the current market. This conservative approach has been adopted, in part, with the knowledge that approximately 96% of the retirement system's members do not participate in Social Security and therefore their KTRS retirement allowance may be the only retirement plan upon which they will be able to rely.

Under the current economic conditions, all state public pension plans and other institutional investors are experiencing a decline in the market value of their assets, but, under its more conservative investment approach, the decline in the market value of KTRS assets has been less severe. There have been no investments in hedge funds, sub-prime mortgages and their derivatives, credit default swaps or other leveraged investment schemes that are now experiencing dramatic declines in value. When compared to other public

continued on page 2-CONSERVATIVE ...

**** Inside This Issue ****

KTRS Board of Trustees Chair & Vice Chair Elected	1
Members Elect Trustees to KTRS Board	1
Conservative Investments Holding Up Well Under Current Market Conditions	1
Dr. Zella Wells Retires and Leaves Board of Trustees	2
Medicare Prescription Drug Plan Request for Qualifications (RFQ)	2
ePrescribing Benefits Patients	3
2009 EFT Payment Dates & Holiday Closing Dates	3
Turning Age 65 Soon?	4
Smoking Cessation Program Reminder	4
Medicare Eligible Health Plan & WHCRA Annual Notice	5
KTRS PRescription Coverage Reminder	5
Members Should Designate a Beneficiary for their KTRS Account	6

SHELTON *continued from page 1 ...*



Mr. Shelton earned a Bachelors Degree, Masters Degree, and Rank I from Murray State University and is completing a Ph.D. in educational leadership at the University of Louisville. He has served as the superintendent of the Daviess County Public Schools district since July 2004, after nine

years as the district's assistant superintendent for finance and operations. He is a lifetime member and former president of the Kentucky Association of School Business Officials, and is currently serving as a representative of the Kentucky Association of School Superintendents on the Kentucky School Boards Insurance Board of Trustees. Mr. Shelton is a KEA member and works with its membership for advocacy on insurance and retirement issues.

Mr. Shelton's civic involvement has included membership on the boards of the United Way of Owensboro/Daviess County; the Community Foundation of Owensboro/Daviess County; and the Chamber of Commerce of Owensboro/Daviess County.

Mr. Shelton's term of office began July 1, 2008 and will end June 30, 2012.

CONSERVATIVE *continued from page 1 ...*

and private plans with assets of \$1 billion or more, KTRS's investment performance has ranked in the top 15% for the last quarter, the top 17% over the last two quarters, the top 26% over the last three quarters, and the top third over the past year.

The independence of the KTRS Board of Trustees allows it to focus solely on the interests of its members. This is the cornerstone principle that has allowed KTRS to earn respectable investment returns within acceptable levels of risk over the long-term while at the same time working to conserve members' assets, even during periods of economic turbulence. A focus on good value, quality, risk control, and low costs prevails in the long run while providing the security our members need. The KTRS Board will never compromise that security by losing sight of these principles.

Dr. Zella F. Wells Retires and Leaves KTRS Board of Trustees



KTRS Board of Trustees' Chairman, Dr. Zella F. Wells, who had served as a member of the Board of Trustees since July 2004, retired from teaching on June 30, 2008.

We wish to thank Dr. Wells for her commitment to education and for her numerous contributions to the successful operation of the Teachers' Retirement System. We also express appreciation for her service to the public school teachers of the Commonwealth of Kentucky.

Medicare Prescription Drug Plan Request for Qualifications (RFQ)

KTRS' current self-funded Medicare Eligible Prescription Drug Plan pays prescription claims as the primary payer. The Medicare Modernization Act legislation opened a window of opportunity for insurance carriers or pharmaceutical benefits managers to offer insured or self-funded drug plans called Employer Group Waiver Prescription Drug Plans. These plans have been well received in the group market producing a competitive environment.

KTRS has issued a Request for Qualifications (RFQ) for a broker/consultant for a Medicare Prescription Drug Plan, known as an Employer Group Waiver Plan under the Medicare Modernization Act. The solicitation was drafted in accordance with the existing Medicare Eligible Prescription Drug Plan design; therefore, the existing plan design, out-of-pocket costs, and pharmacy access will not materially change. The KTRS Medicare Advantage Private-Fee-for-Service plan, currently administered by Humana, will not be affected by this plan.

All Retirees

ePrescribing Benefits Patients

ePrescribing, a technology that involves the electronic transmission of a prescription from your physician directly to your pharmacy is beneficial to you, your doctor and your pharmacy by:

- Eliminating the risk of your pharmacist misreading illegible handwriting.
- Reducing many phone calls between your pharmacist and your doctor regarding clarification issues, preferred drug issues, and refill requests.
- Alerting your physician to any potential drug allergies or interactions you might have prior to the prescription being finalized.
- Helps to lower your out-of-pocket costs by notifying your doctor of generic alternatives prior to the prescription being finalized.
- Saves you the time and effort of having to drop off the prescription or mail in the prescription to your mail order pharmacy – your prescription is received by the pharmacy before you leave the doctor's office.

The Kentucky Teachers' Retirement System fully supports ePrescribing. This technology enhances the safety, security and accuracy of the medications prescribed throughout the health care system.

Why Learn about Adverse Drug Reactions (ADR)?

- Over 2 MILLION serious ADRs yearly
- 100,000 DEATHS yearly
- ADRs 4th leading cause of death ahead of pulmonary disease, diabetes, AIDS, pneumonia, accidents & automobile deaths
- Ambulatory patients ADR rate -- unknown
- Nursing home patients adr rate -- 350,000 yearly.

Costs Associated with ADRs

- \$136 BILLION yearly
- Greater than total costs of cardiovascular or diabetic care
- ADRs cause 1 out of 5 injuries or deaths per year to hospitalized patients
- Mean length of stay, cost and mortality for ADR patients are DOUBLE that for control patients

2009 EFT Payment Dates

January 29	July 29
February 26	August 28
March 27	September 28
April 28	October 29
May 28	November 25
June 26	December 29

KTRS Holiday Closing Schedule

The Kentucky Teachers' Retirement System will be closed to observe the upcoming holidays:

Christmas

Thursday & Friday, December 25 - 26, 2008

New Year's

Thursday & Friday, January 1- 2, 2009

Retirees Under Age 65

Turning Age 65 Soon?

If you are currently enrolled in the Kentucky Employees Health Plan (KEHP), you will no longer be eligible for this coverage on the first day of the month that you turn age 65. To continue coverage through KTRS you **must** obtain Medicare. Please contact Social Security to enroll in Medicare approximately three months before your birth month. Before your 65th birth month you will receive information regarding your insurance coverage through KTRS. In this packet of information, you will receive a Medicare Information Form that you must complete. Also, you must attach a copy of your Medicare card and submit both to the KTRS office to be considered for the Medicare Eligible Health Plan (MEHP) coverage. Once KTRS approves the submitted information and verifies Medicare Part B enrollment, you will then be enrolled into the KTRS MEHP on the first day of your birth month or the first day of the month following your effective retirement date if you are a new retiree. Please note that upon enrolling in the KTRS MEHP if you were to enroll in a Medicare Advantage plan other than the KTRS MEHP, your coverage through KTRS will be terminated. Your coverage will also be terminated in the event your Medicare Part B lapses. You would then be eligible to enroll during the next open enrollment by providing proof of Medicare Part B coverage and submitting an enrollment form to this office no later than December 31 for an effective date of January 1. Outside of open enrollment, you will be eligible to enroll within 30 days of obtaining Medicare Part B. If you do not wish to be enrolled in the KTRS MEHP coverage, you must notify this office **in writing** by the 10th of the month **prior** to your birth month or retirement month to decline the MEHP. Failure to do so could result in premiums paid that cannot be refunded and possible delays in obtaining other coverage outside of KTRS.

You can obtain additional information on our website at www.ktrs.ky.gov.

Smoking Cessation Program Reminder

The Kentucky Employees Health Plan (KEHP) partnered with Express Scripts to provide over the counter Nicotine Replacement Therapies (NRT) to (covered) employees/retirees participating in an approved smoking cessation program. In order to be eligible, you must:

1. Be a smoker age eighteen (18) or older;
2. Be enrolled as a member in the KEHP and covered through Express Scripts, Inc.;
3. Actively participate in an approved smoking cessation program and attend all regularly scheduled sessions.

For more information, go to www.wellnessworks.ky.gov or contact the Department for Employee Insurance at 1-888-581-8834.

Statistics for Open Enrollment (Under Age 65)

Our Members are Informed!

The Mandatory 2009 Total Open Enrollment period for retirees under age 65 has closed. KTRS is happy to report we processed over 18,000 applications, and only have 25 people that did not respond. Great job!!

Retirees Age 65 & Over

Medicare Eligible Health Plan * MEHP * OPEN ENROLLMENT through December 31, 2008

This is to inform retirees and spouses, who are age 65 or older and not already enrolled in the KTRS Medicare Eligible Health Plan (MEHP) currently administered by Humana and Medco, that **OPEN ENROLLMENT ENDS December 31, 2008.** If you are not currently enrolled in the MEHP and wish to have coverage effective January 1, 2009, you may download an MEHP application at www.ktrs.ky.gov or you may contact KTRS for an enrollment form and return the completed form to this office by **December 31, 2008.** Also, you must be enrolled in Part B of Medicare and provide a copy of your Medicare card verifying Part B enrollment. During Open Enrollment you can enroll in the MEHP without providing proof of a qualifying event. To enroll outside of Open Enrollment you must show evidence of a qualifying event. The 2009 monthly cost for retirees and spouses covered by the KTRS MEHP is \$285 per person as compared to \$278 in 2008. Currently, KTRS pays a portion of the premium for retirees based on their KTRS entry date and years of service at retirement. Spouses of KTRS retirees pay full premium cost for their coverage.

NOTE: If you are currently enrolled in the KTRS MEHP, no action is needed.

KTRS Prescription Drug Coverage Reminder

The KTRS self-funded Medicare Eligible Prescription Drug Plan, the primary payer of drug claims for all eligible retirees age 65 & over, is as good as the standard Medicare Part D prescription plan and is has been considered creditable coverage from 2006 through 2009. Therefore, if you are enrolled in the KTRS Medicare Eligible Prescription Drug Plan, currently administered by Medco, please contact KTRS before enrolling in a Medicare Part D prescription plan. Unless you are on Medicaid in addition to Medicare or you are eligible for extra help with prescriptions through the Low Income Subsidy program at Social Security, it might not be in your best financial interest to terminate your KTRS coverage and enroll in a Medicare Part D plan. In the event you enroll in a Medicare Part D plan, you must inform this office immediately because you are no longer eligible for prescription coverage through KTRS and your coverage will need to be terminated through KTRS. In this case, any claims filed with the KTRS (Medco) Prescription Drug Plan after enrollment must be reversed by your pharmacy and resubmitted to your new Medicare Part D plan. Failure to do so could result in a bill from KTRS for the overpaid amount.

WHCRA ANNUAL NOTICE

Do you know that your plan, as required by the Women's Health and Cancer Rights Act of 1998, provides benefits for mastectomy-related services including all stages of reconstruction and surgery to achieve symmetry between the breasts, prostheses, and complications resulting from a mastectomy, including lymphedema? Call your Plan Administrator at 1-866-396-8810 for more information.

Members Should Designate a Beneficiary for their KTRS Account

All active and retired members should designate a beneficiary for their KTRS account. Active members need to file beneficiary designations for both the receipt of the KTRS life insurance benefit and for receipt of their account balance. Retired members need to file a beneficiary designation for the KTRS life insurance benefit. Failure to designate a beneficiary can result in much unnecessary difficulty and expense for a member's survivors, including the need to go through the expense of probate and the appointment of an administrator or executor even in those cases where these costs and procedures could otherwise have been avoided. For active members, failure to designate a spouse as beneficiary can result in the loss of valuable spousal survivor benefits. Designation of a beneficiary is by far the best way for you to ensure that your wishes for the distribution of these valuable assets is properly carried out. Please contact the retirement system if you need a beneficiary designation form.

KTRS is here for ALL of our MEMBERS!

As always, if you have any questions please give us a

call ... and talk to a
LIVE person!

One of our Information
Specialists will be happy to
assist you!

Toll Free at
1-800-618-1687
Monday through Friday
from 8:00 - 5:00pm

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OF THE STATE OF KENTUCKY
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